



## State of Utah

GARY R. HERBERT  
*Governor*

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*Lieutenant Governor*

## Insurance Department

TODD E. KISER  
*Insurance Commissioner*

# BULLETIN 2015-4

To: Health Insurers Offering Small Employer Health Benefit Plans

From: Todd E. Kiser, Utah Insurance Commissioner

Date: March 18, 2015

Subject: **Small Employer Composite Rating – 2014 PPACA Compliant Health Benefit Plans**

Federal regulation allows for composite rating of premiums in the small employer market according to a federal methodology or an alternate state based methodology. Utah submitted an alternate state based composite methodology that was approved by HHS on July 8, 2014. The Utah alternate tiered-composite methodology is the only method allowed in the state.

Carriers that intend to use composite rates for small employer plans must:

- observe the guidance in the Utah alternate tiered-composite methodology;
- appropriately identify plans that will utilize composite rating in the HHS Plans & Benefits template;
- use a four-tiered rating structure: employee, employee + spouse, employee + child(ren), employee + spouse + child(ren);
- not apply a tobacco load (the tobacco rate must be the same as the non-tobacco rate for each age and geographic area combination);
- make the composite option available to all small employer groups without regard to size;
- calculate composite rates on enrollment at the beginning of the plan year and may not vary the rates until renewal; and
- include an attestation in the rate filing, signed by an actuary or company officer, stating that the rates will conform to Utah's approved alternate tiered-composite methodology.

To ensure uniform application of the composite rating methodology across carriers:

- Carriers may quote composite rates to small employer groups based on enrollment at a time prior to the plan's effective date, but the actual rates charged shall be based on enrollment at the beginning of the plan year. The 2015 Notice of Benefit and Payment Parameters indicates that the composite premium charged to a small group must be based on the enrollment at the beginning of the plan year, not the enrollment at the time of a quote:

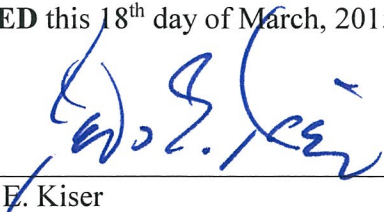
“Specifically, we provide that a composite premium charged to a small group health plan must be based on enrollment of ‘participants and beneficiaries’ *at the beginning of the plan year*, and may not vary until renewal.”<sup>1</sup>

- When a carrier presents composite rates for more than one plan offering to a small employer group, the composite rates for each plan shall be based on the entire enrollment of the small employer group. That is, if two plans are offered, A and B, the composite rates for plan A will be calculated assuming all employees enroll in plan A. Likewise, composite rates for plan B will be calculated assuming all employees enroll in plan B. This applies to both quoting of composite rates and calculation of composite rates that will be charged based on enrollment at the beginning of the plan year.

The approved composite rating methodology can be found on the Accident & Health Insurance page of the Department's website.

If you have any questions or comments, please contact the Health and Life Division at 801-538-3077 or [health.uid@utah.gov](mailto:health.uid@utah.gov).

**DATED** this 18<sup>th</sup> day of March, 2015.

  
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Todd E. Kiser  
Insurance Commissioner

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<sup>1</sup> 2015 Final Notice of Benefit and Payment Parameters (emphasis added).